

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	39.00	0.00	0.00	39.00	0.00	0.00	39.00	39.00
Personal Services	2,002,952	194,730	(2,333)	2,195,349	193,056	37,412	2,233,420	4,428,769
Operating Expenses	543,014	262	500,000	1,043,276	(66,981)	0	476,033	1,519,309
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$2,545,966	\$194,992	\$497,667	\$3,238,625	\$126,075	\$37,412	\$2,709,453	\$5,948,078
State/Other Special	2,533,459	193,717	497,620	3,224,796	124,948	37,153	2,695,560	5,920,356
Federal Special	12,507	1,275	47	13,829	1,127	259	13,893	27,722
Total Funds	\$2,545,966	\$194,992	\$497,667	\$3,238,625	\$126,075	\$37,412	\$2,709,453	\$5,948,078

Agency Description

The Department of Public Service Regulation (PSR) regulates the public utility and transportation industries. Five commissioners, elected from districts throughout Montana, oversee this program.

Summary of Legislative Action

Public Service Regulation Major Budget Highlights
<ul style="list-style-type: none"> Overall budget increases 16.8 percent for the 2005 biennium compared to the fiscal 2002 base budget Legislature eliminated 1.00 FTE for a savings of \$129,597, which is offset by addition of 1.00 FTE and \$100,000 to accommodate legislation passed during the 2003 legislative session \$500,000 state special revenue added to accommodate passage of SB 247 Total increase of \$488,319 above Executive Budget

The legislature added \$856,146 over the fiscal 2002 base to the Public Service Commission budget. New proposals, including the following adjustments, yielded a net increase of \$535,079:

- Elimination of a vacant position (1.0 FTE and approximately \$130,000 state special revenue), offset by addition of 1.0 FTE and approximately \$100,000 state special revenue authority over the biennium to accommodate legislation passed during the 2003 session
- Addition of \$500,000 in state special revenue authority to accommodate increased expenditures as a result of the passage of SB 247
- Funding of the statewide pay plan, which increased total funds by approximately \$64,000 over the biennium

The remaining increase is associated with present law adjustments, including statewide present law adjustments for funding of authorized FTE and inflationary adjustments, elimination of Universal Access Program expenditures from the base, and various operating cost adjustments.

Other Legislation

HB 580 - The legislature provided the PSC with expedited complaint authority for interconnection and exchange access disputes, and provided for an expedited complaint process and procedures. State special revenue of \$50,418 over the biennium, including 0.50 FTE, was added to handle any cases filed under the provisions of the bill (estimated at 5 per year requiring 200 hours of work).

HB 641 - This bill provides for nondiscriminatory payment of intercarrier compensation. The legislature added 0.50 FTE and \$50,418 state special revenue over the biennium to handle any cases (estimated at 5 per year requiring 200 hours of work) filed under the provisions of the bill.

SB 247 - This bill establishes a default electricity supply procurement process and requires the PSC to adopt rules to establish process criteria. The legislature added state special revenue of \$500,000 over the biennium for consultants to process requests by a default supplier for advanced approval of proposed resource procurement in 180 days.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2002	Executive Budget Fiscal 2004	Legislative Budget Fiscal 2004	Leg – Exec. Difference Fiscal 2004	Executive Budget Fiscal 2005	Legislative Budget Fiscal 2005	Leg – Exec. Difference Fiscal 2005	Biennium Difference Fiscal 04-05
FTE	39.00	39.00	39.00	0.00	39.00	39.00	0.00	
Personal Services	2,002,952	2,197,682	2,195,349	(2,333)	2,196,008	2,233,420	37,412	35,079
Operating Expenses	543,014	589,730	1,043,276	453,546	476,033	476,033	0	453,546
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$2,545,966	\$2,787,412	\$3,238,625	\$451,213	\$2,672,041	\$2,709,453	\$37,412	\$488,625
State/Other Special	2,533,459	2,773,630	3,224,796	451,166	2,658,407	2,695,560	37,153	488,319
Federal Special	12,507	13,782	13,829	47	13,634	13,893	259	306
Total Funds	\$2,545,966	\$2,787,412	\$3,238,625	\$451,213	\$2,672,041	\$2,709,453	\$37,412	\$488,625

Executive Budget Comparison

The budget as approved by the legislature increased the Executive Budget by approximately \$490,000 state special revenue for the biennium. The legislature eliminated 1.00 FTE (policy advisor) and reduced the biennial appropriation for consultant and professional services. The executive requested over \$100,000 for consultants (including the base budget), and the legislature approved \$53,546 as a restricted/biennial appropriation. Additionally, the legislature added 1.0 FTE and approximately \$600,000 over the biennium to implement several pieces of legislation passed during the 2003 session.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Program Funding Table						
Public Service Regulation Prog						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
02281 Public Service Commission	\$ 2,521,520	99.0%	\$ 3,224,796	99.6%	\$ 2,695,560	99.5%
02398 Universal Access Fund	11,939	0.5%	-	-	-	-
03011 Natural Gas Safety Pgm	12,507	0.5%	13,829	0.4%	13,893	0.5%
Grand Total	\$ 2,545,966	100.0%	\$ 3,238,625	100.0%	\$ 2,709,453	100.0%

The Public Service Regulation Program is funded primarily by a fee that is levied quarterly on regulated companies. The amount raised by the fees must equal the amount appropriated to the commission by the legislature for a particular year. Fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation. Federal funds come from the U.S. Department of Transportation and support the Natural Gas Pipeline Safety Program.

Funding for the Universal Access Program was collected from a surcharge applied to all private corporations involved in the telecommunications industry in Montana. The authority to collect revenue for the Universal Access Program was limited by statute to the 1999 biennium. During the August 2002 Special Session, the legislature passed SB 26 which transferred 10 percent of the fund balance of the Montana Universal Access Program account, on the effective date of the bill, to the general fund and 90 percent to the Department of Public Health and Human Services to provide social services.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				267,295					265,599	
Vacancy Savings				(72,565)					(72,543)	
Inflation/Deflation				631					1,952	
Fixed Costs				12,904					(1,786)	
Total Statewide Present Law Adjustments				\$208,265					\$193,222	
DP 1 - Consultants	0.00	0	30,000	0	30,000	0.00	0	(23,546)	0	(23,546)
DP 2 - Rent Increase/Computer Replacement	0.00	0	(31,416)	82	(31,334)	0.00	0	(31,796)	134	(31,662)
DP 3 - Universal Access Program	0.00	0	(11,939)	0	(11,939)	0.00	0	(11,939)	0	(11,939)
Total Other Present Law Adjustments	0.00	\$0	(\$13,355)	\$82	(\$13,273)	0.00	\$0	(\$67,281)	\$134	(\$67,147)
Grand Total All Present Law Adjustments				\$194,992					\$126,075	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Consultants - The legislature approved \$30,000 in state special revenue funds for the 2005 biennium in addition to base expenditures. The total biennial appropriation of \$53,546 is restricted to consultant and professional services. These funds will be used if PSC staff are unable to handle the additional workload or for special projects.

DP 2 - Rent Increase/Computer Replacement - The legislature approved state special revenue funds for an increase in the rent contract negotiated by the Department of Administration of \$8,119 in fiscal 2004 and \$13,195 in fiscal 2005. This decision package includes a reduction of the base budget for minor equipment by approximately \$40,000, as only four computers will be replaced in fiscal 2004.

DP 3 - Universal Access Program - During the August 2002 Special Session, the legislature passed SB 26, which transferred 10 percent of the fund balance of the Montana Universal Access account on the effective date of the bill to the general fund and 90 percent to the Department of Public Health and Human Services to provide social services. The legislature approved removing the base year expenditures from the budget.

New Proposals											
-----Fiscal 2004-----						-----Fiscal 2005-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6800 - HB 13 - Pay Plan											
01	0.00	0	12,086	47	12,133	0.00	0	51,448	259	51,707	
DP 9001 - Eliminate 1.00 FTE											
01	(1.00)	0	(64,884)	0	(64,884)	(1.00)	0	(64,713)	0	(64,713)	
DP 9050 - Additional Workload - HB 580											
01	0.50	0	25,209	0	25,209	0.50	0	25,209	0	25,209	
DP 9051 - Additional Workload - HB 641											
01	0.50	0	25,209	0	25,209	0.50	0	25,209	0	25,209	
DP 9052 - SB 247 - Advisory Services											
01	0.00	0	500,000	0	500,000	0.00	0	0	0	0	
Total	0.00	\$0	\$497,620	\$47	\$497,667	0.00	\$0	\$37,153	\$259	\$37,412	

New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 9001 - Eliminate 1.00 FTE - The legislature eliminated funding for one vacant position - a policy advisor.

DP 9050 - Additional Workload - HB 580 - The legislature added 0.5 FTE and approximately \$50,000 state special revenue authority over the biennium to accommodate the anticipated workload increase due to HB 580, which provides the PSC with authority over interconnection and exchange access disputes.

DP 9051 - Additional Workload - HB 641 - The legislature added 0.5 FTE and approximately \$50,000 state special revenue authority over the biennium to accommodate the anticipated workload increase due to HB 641, which provides for nondiscriminatory payment of intercarrier compensation.

DP 9052 - SB 247 - Advisory Services - The legislature added \$500,000 in state special revenue authority to implement SB 247, which modifies requirements for the PSC to process a default utility supplier's procurement plan. The legislature designated the appropriation as restricted and biennial.